

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2885-01
BILL NO.: HB 1736
SUBJECT: Military Affairs; Bonus for Veterans
TYPE: Original
DATE: February 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Veterans' Commission Capital Improvement Trust	(\$53,912,690)	(\$107,637,278)	(\$53,903,917)
Total Estimated Net Effect on <u>All</u> State Funds **	(\$53,912,690)	(\$107,637,278)	(\$53,903,917)

**** SUBJECT TO APPROPRIATION**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Adjutant General** state this proposal would make veterans of World War I, World War II, the Korean Conflict, the Vietnam Conflict, or the Persian Gulf War residing in Missouri at the time of entering the service eligible for a \$25 bonus for each month of active duty for which campaign ribbons were awarded, not to exceed \$500. They assume this proposal would make eligible approximately 429,900 veterans (100 World War I, 132,500 World War II, 81,600 Korean Conflict, 171,500 Vietnam Conflict, and 44,200 Persian Gulf veterans) currently residing in Missouri. This projection takes into consideration prior war service and therefore, avoids counting veterans twice. Also, **this fiscal note estimate has not attempted to project the number of veterans residing in Missouri at the time of entry into the service** and participating in World War I, World War II, the Korean Conflict, the Vietnam Conflict, or the Persian Gulf War that are still living, but no longer live in Missouri. **This fiscal note estimate assumes that survivors of veterans who are deceased prior to the passage of this legislation would not be eligible for bonus payments.** Also, this estimate projects the payment at the maximum impact of \$500 per veteran, or approximately one year eight months foreign service. Based on the assumption that each veteran would be eligible to receive the \$500 bonus payment, the one-time cost to Missouri would equal \$214,950,000 (429,900 x \$500), to be funded from the Veterans' Commission Capital Improvement Trust Fund.

Officials from the **Department of Public Safety - Missouri Veterans' Commission (VET)** assume the VET would have responsibility for administration of this program. The VET assumes this proposal would qualify approximately 429,000 living veterans in Missouri for the \$500 bonus. The VET also assumes at least 50% of these individuals would require further research, and thus increased administrative costs to the VET. To implement the provisions of this proposal, the VET assumes they would need an additional 12 FTE. The additional staff would include one Veterans' Benefits Program Administrator (1 FTE at \$34,992 per year), four Veterans' Service Officers (4 FTE at \$21,456 per year), one Accountant (1 FTE at \$29,184 per year), two Account Clerk IIs (2 FTE at \$22,164 per year) and four Clerk Stenographers (4 FTE at \$20,172 per year). Total administrative costs, including expense and equipment, is anticipated at approximately \$600,000 per year.

The **Office of the Adjutant General** assumes the need for four additional full-time temporary personnel (4 FTE) to administer the program. These additional staff would include one Veterans' Benefits Program Administrator (at \$34,992 annually), one Clerk Stenographer (at \$20,172 annually), one Accountant (at \$29,184 annually) and one Account Clerk II (at \$22,164 annually). Total administrative costs, including expense and equipment, are anticipated at approximately \$135,000 per year. It is projected that all veteran bonus payments would be

ASSUMPTION (continued)

completed by the end of FY 03, and no further expenses would be needed.

Oversight assumes the Veterans' Commission would administer the program and therefore, assumes no costs to the Office of the Adjutant General. It is also assumed that the money would be appropriated to the Veterans' Commission Capital Improvement Trust Fund and that approximately \$53,737,500 would be paid out in FY 01, \$107,475,000 in FY 02 and \$53,737,500 in FY 03 in the form of bonus payments to veterans.

Oversight assumes the Missouri Veterans' Commission would administer the program, and therefore has not included costs associated with the Office of the Adjutant General. Additionally, Oversight assumes the personnel needed to implement the provisions of this proposal should be similar to the staff needs in other similar previous proposals. Therefore, staff has been adjusted to 4 FTE as outlined by the Office of the Adjutant General. Oversight recognizes the number of potential recipients is greater than in similar proposals, and therefore has included 4 FTE, rather than the 3 FTE included in the other similar proposals. Also, since this proposal does not limit the application period to one year as do the other similar previous proposals, it is likely the workload could be more uniform and manageable by 4 FTE. However, if the workload would be significantly more, the VET could request additional resources through the normal budget process.

Officials from the **Office of Administration - Division of Personnel (COA)** stated they do not have the records that will enable them to form a basis to make a fiscal impact estimate.

Officials from the **Office of the State Treasurer (STO)** and the **Missouri Gaming Commission (GAM)** assume this proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND			
<u>Costs - MO Veterans' Commission</u>			
Personal Service (4 FTE)	(\$90,614)	(\$111,903)	(\$114,702)
Fringe Benefits	(27,864)	(34,410)	(35,271)
Expense and Equipment	(56,712)	(15,965)	(16,444)
Total <u>Costs</u> - VET	(\$175,190)	(\$162,278)	(\$166,417)
<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003

(continued)

(10 Mo.)

Costs - Bonus Payments to Veterans *** (\$53,737,500) (\$107,475,000) (\$53,737,500)

**ESTIMATED NET EFFECT TO
VETERANS' COMMISSION CAPITAL
IMPROVEMENT TRUST FUND**

(\$53,912,690) (\$107,637,278) (\$53,903,917)

- - SUBJECT TO APPROPRIATION - -

*** INCLUDES ONLY SURVIVING VETERANS.
INCLUDES VETERANS CURRENTLY LIVING IN MISSOURI.

FISCAL IMPACT - Local Government

FY 2001
(10 Mo.)

FY 2002

FY 2003

\$0 \$0 \$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill requires the state to pay a \$25 per month bonus for each month of active duty for which campaign ribbons were awarded to all honorably discharged veterans who served during World War I, World War II, the Korean Conflict, the Vietnam Conflict, or the Persian Gulf War and who, at the time of entering service was a legal resident of the state of Missouri. If the veteran is deceased, the bonus must be paid to certain surviving family members of the veteran.

The bonus may not exceed \$500 less any bonus amount that was paid to a World War I veteran. Persons receiving this bonus must have been a legal resident of the state at the time of entering military service. The bonus may not be paid if the person has received a bonus from any other state, is incarcerated for conviction of a felony, or violated the Selective Service Act. No bonus is taxable or subject to the claim of any creditor.

Funding of the veterans' bonus will come from the Veterans' Commission Capital Improvement Trust Fund and is subject to appropriation.

DESCRIPTION (continued)

MLW:LR:OD:005 (9-94)

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This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Adjutant General
Department of Public Safety - Missouri Veterans' Commission
Office of Administration - Division of Personnel
Office of the State Treasurer
Missouri Gaming Commission

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "T".

Jeanne Jarrett, CPA
Director
February 11, 2000